



Fiscal Year 2014- 2015 First Quarter Financial Status Report

County of San Luis Obispo

Introduction

In accordance with the Board's adopted policy related to ongoing budget administration, this First Quarter Financial Report provides an overview of the County's financial position at the end of the first quarter of Fiscal Year 2014-15. The first quarter timeframe is July 1 through September 30, 2014.

The report is divided into five sections:

- **Section 1** - an overview of the County's financial position at the end of the first quarter of FY 2014-15, as well as brief summaries of noteworthy departmental fiscal and operational issues;
- **Section 2** - an update on the Status of Funds, Contingencies and Reserves;
- **Section 3** - a listing of all personnel changes approved by the Board of Supervisors during the first quarter;
- **Section 4** - miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt, various budget adjustments and surplus of aged Fleet vehicles;
- **Section 5** - an update on the capital improvement and maintenance projects managed by the General Services and Public Works departments (See Attachment 3).

Board Policy: Ongoing Budget Administration

It shall be the responsibility of the County Administrative Officer to submit Quarterly Financial Status Reports to the Board of Supervisors. These reports shall provide a projection of expenditures and revenues, identifying projected variances. They may also include recommendations and proposed corrective actions which may include mid-year reductions.

Section 1: Overview of Financial Position

As shown on the chart below, expenditure and revenue patterns for the first quarter are similar to those in the first quarter of FY 2013-14 for All Funds. Regarding the General Fund, expenditure levels are comparable to those over the same time period in FY 2013-14, while General Fund revenues were realized at a lower rate in FY 2014-15. This comparative decrease in the amount of revenue realized for the General Fund is due to a few factors. The primary reason is a timing difference in the recording of Current Unsecured Taxes, which resulted in a reduction of approximately \$2.2 million in revenue posted in the first quarter of FY 2014-15, compared to the prior year. It is important to note that this is simply a timing difference and the revenue will be realized in the second quarter of this fiscal year. Additionally, the County has realized a reduction in the amount of sales tax and permit revenue generated from the two large solar plants being constructed in the Carrizo Plain. This was expected as one plant has completed the construction phase and the second plant is nearing completion. Sales tax collections were approximately \$845,700 lower than the amount realized during the same period in FY 2013-14. In addition, Plan Check Fee revenue has come in approximately \$318,000 less than the same period in the prior year due to the decreased solar plant construction activity. Section 2 of this report identifies the various revenue sources that were realized at lower rates compared to the first quarter of FY 2013-14.

The revenue realization rates shown in the table below are typically low in the first quarter due to the time lag involved in billing cycles and receipt of reimbursements, and because some of the largest revenue sources, property taxes for example, are historically realized closer to the end of the fiscal year.

The following table compares the current year and prior year first quarter expenditures and revenues for All Funds and for the General Fund.

Expense & Revenue All Funds Comparison		
	First Quarter 2013-14	First Quarter 2014-15
Expenditures	19%	18%
Revenue Realized	11%	10%
Expense & Revenue General Fund Comparison		
	First Quarter 2013-14	First Quarter 2014-15
Expenditures	20%	21%
Revenue Realized	10%	7%

Based on the evaluation of the financial information provided by departments for the first quarter, all departments report that they anticipate remaining within their budgeted General Fund level for the year. There are some issues of note however, which are described below. In addition, a summary of the Airport budget and enplanement levels as well as a status report on Camp French operations and financial status are provided consistent with prior quarterly reports.

Revenue: Proposition 172 – Public Safety Revenue
Fund Center: 101
Issue: Establish designation to set aside of temporary increased revenues for future use
Impact to General Fund: \$0

Included in this report is a request to create a General Fund designation for revenue generated by a temporary increase in Prop 172 Public Safety revenue due to the construction of the two solar plants in the Carrizo Plain.

Each year the County receives Public Safety revenue from the State. This revenue is drawn from the half-cent sales tax dedicated to public safety, approved by the voters under Proposition 172, in 1993. The half cent for public safety is collected and deposited into a state fund, where it is allocated based on a pro-rata share or “allocation factor” determined by the previous year’s county sales, divided by total state sales. In most years since 1993, the County of San Luis Obispo’s allocation factor has changed very little, generally increasing an average of approximately 1% of increase per year.

However, in FY 2013-14, the County’s allocation factor increased 16.6% in one year, resulting from the effect of the sales tax paid by the two solar projects in the Carrizo Plain. The sales tax paid by these two projects has had the temporary effect of inflating the County’s share of Prop 172 revenue from the statewide fund. The County’s allocation factor is expected to continue to be inflated through at least the end of the current fiscal year.

Because the increase is temporary and outside of historical revenue trends (thus effectively one-time revenue), these funds have not been passed on to the public safety departments’ operating budgets. Departments have instead received Prop 172 revenue amounts that are consistent with the County’s historical share of the State fund, prior to the temporary distortion created by the sales tax paid by the two solar projects.

In FY 2013-14, a total of \$4,270,609 was received, over and above the historical norm. Staff is requesting that a new designation be created, to be named “Prop 172 Solar”, to set these funds aside for one-time expenses related to public safety. Funds collected in FY 2014-15 (and possibly FY 2015-16) that exceed the County’s historical share of the statewide Prop 172 fund will also be deposited in this designation, totaling perhaps \$1 million to \$2 million in additional revenue.

As with other designations, any future use of these funds would be subject to the approval of the Board of Supervisors. While funds must be expended to support public safety, their use would be at the discretion of the Board.

Department: Clerk-Recorder
Fund Center: 111
Issue: Shortfall of Recording Revenue
Impact to General Fund: \$0

The Clerk Recorder reports that recording revenue is coming in approximately 21% lower than the amount realized during the same period in the prior fiscal

year. Should this trend continue throughout FY 2014-15, the department is projecting a revenue shortfall of \$141,000 at year end, which can be mitigated with the use of restricted revenue held in a trust.

The issue of the decline in recording revenue had been reported to your Board throughout FY 2013-14, and apparently the trend is continuing into this fiscal year. A decline in recording revenue is typically attributable to external factors, such as a shortage of housing inventory, rising sales prices which may preclude people from buying homes, increased federal regulations for obtaining loans, and rising interest rates; all of which contribute to decreased home-buying activity. This situation is occurring across the State and many counties are experiencing similar declines in recording revenue.

Department: County Fire
Fund Center: 140
Issue: Unbudgeted increase in expenditures of approx. \$760,000
Impact to General Fund: \$0

Cal Fire staffs and operates the County Fire Department under a contract between the County and the State of California. The annual cost of this contract is subject to expense increases due to changes

in rates charged by the California Public Employees' Retirement System (CalPERS), as well the State's collective bargaining agreements relating to firefighters and other Cal Fire labor units.

In September, two such changes went into effect. First, Cal Fire's employee benefit rates increased based on changes in assumptions made by CalPERS. The aggregate impact on the cost of the County's contract with Cal Fire due to this rate increase is estimated to be \$405,726 or 2.6% of the total contract budget of \$15.7 million adopted by the Board in June of 2014.

Second, the State increased firefighter salaries retroactive to July 1, 2014. This was done as a result of collective bargaining that took place following the statewide increase in the minimum wage, which increased from \$8/hr. to \$9/hr. on July 1, 2014. Collective bargaining was triggered because Firefighter I salaries are pegged to minimum wage, and therefore increased 12.5% (or \$1/hr.). Although the County's contract with the State includes no Firefighter I positions, salaries for Firefighter II positions were "compacted" by the increase, because there was no longer a meaningful difference in compensation between the Firefighter I and II levels, despite the difference in skill and experience between the two levels. The result was a 6% increase to Firefighter II salaries, retroactive to July 1, 2014. The contract also calls for a 4% increase to all firefighter salaries effective January 1, 2015.

The aggregate maximum impact of these increases is estimated to be \$358,036 or 2.2% of the total contract budget adopted by the Board for FY 2014-15. This maximum impact reflects the cost associated with these increases if all staff were at the top pay step of their position, which is not actually the case. The actual impact will be less given that many of Cal Fire employees that serve the County are well below the top pay step for their position.

Taken together, the increase is estimated to be \$763,762 (almost 5%) in the current year. This was not anticipated during the FY 2014-15 budget development process, and is not included in the current budget. County Fire will carefully manage its budget for the remainder of the year in an attempt to offset the increase with expenditure savings within its existing budget. Revenues

are currently projected to end the year on budget and County Fire believes it can generate sufficient savings to offset the increase given that the department ended FY 2013-14 with a General Fund expenditure savings of just over \$870,000. However if the department determines that it cannot offset the entire amount within its current expenditure limit, a budget adjustment may be requested in the third quarter, consistent with the County's existing budget practices.

On January 1, 2016, the State minimum wage will increase an additional dollar, from \$9 to \$10 an hour. How this increase will influence Cal Fire Firefighter compensation is unknown at this time. If there is an increase, the impact would occur in the middle of the next fiscal year, FY 2015-16.

Department: Parks
Fund Center: 305
Issue: Update on Camp French
Potential Impact to General Fund: \$0

On May 1, 2014, the County assumed responsibility for Camp Mabel French, a 100 acre group camp facility, formerly run by the Boy Scouts of America, in the Lopez Lake Recreation Area. Operation of the Camp is

projected to bring in additional revenue, since the Camp will add seven campsites and facilities for events such as weddings, corporate team building and festivals, for rental by the County.

On March 11, 2014 the Board approved use of \$51,000 of Lopez Lake Project Reserves for various campground and Americans with Disabilities Act (ADA) upgrades, including improvements to existing restroom and shower buildings, an access road and other smaller infrastructure work. These improvements, which are intended to make the Camp operational by County Parks' standards, began in May of 2014 and will resume after the peak camping season so as not to interfere with campers. To date, necessary road improvements have been completed and staff is currently obtaining bids for the necessary ADA improvements to the showers and bathrooms, which will be completed in the winter months.

At the time that the County took responsibility for Camp French, operational costs were estimated to be \$22,650 in the initial year (not including the \$51,000 in infrastructure costs) and revenue generated by the Camp was estimated to be \$94,101, for a profit of \$71,451.

When operations for the Camp were transitioned to the County, the Boy Scouts of America forwarded a list of all reservations that had previously been accepted for the area. All reservations were honored and additional reservations were made as well. For the period May 1, 2014 through June 30, 2014, \$17,000 in revenue was received at this campground. During the first quarter of FY 2014-15, an additional \$9,569 in revenue was generated by Camp French. Increased operating expenses were limited to \$3,000 in additional seasonal labor and campground maintenance supplies in the first quarter. The net result was \$6,569 revenues above expenses for Camp Mabel French during the first quarter. Given this addition of parkland to County Parks' inventory, future quarterly reports will include an update on Camp French operations and their impact on the County Parks budget.

Department: Airports
Fund Center: 425
Issue: Budget status and enplanement Levels
Potential Impact to General Fund: \$0

As an Enterprise Fund, Airports relies on the revenues generated by the San Luis Obispo County Regional Airport and Oceano Airport to fund its operational and capital expenses.

Revenue from passenger enplanements on commercial air carriers is a key indicator of the Airports' fiscal health and outlook. The Quarterly Financial Report includes a regular update on the status of the Airports' budget with emphasis on the number of passenger enplanements.

Changes to air carrier service that began in 2007 with rising fuel prices were exacerbated by the great recession of 2008. Many airports, including the San Luis Obispo County Regional Airport, experienced reductions in the number of commercial flights and an overall decline in enplanements. Since that time, the annual expenditures for Airports' operations have largely exceeded the amount of annual revenues received by the Airports, with the exception of FY 2012-13 and FY 2013-14, when revenue exceeded operational expenditures by \$139,000 and \$439,256 respectively. In difficult years, Airports relied on its unallocated cash balance in the Airport Fund to cover expenses.

Consistent with recent quarters, Airports is continuing to report improved parking fee revenues due to a contract with MINDBODY for employee parking, an increase in enplanements, use of the parking kiosk payment system, and a \$1 increase to daily parking rates, which went into effect in January 2014. For the first time in several years, the adopted budget projects that Airport revenues will exceed expenditures in FY 2014-15. During budget preparation, Airports expected that revenues would exceed expenditures by \$35,415 at year end. Due to continued improvement in parking fee revenue, it is currently expected that Airports will end the year with revenues exceeding expenditures by \$54,964.

The number of commercial air service passenger enplanements is a major driver of Airport revenues. As of the end of the first quarter, enplanement levels at the San Luis Obispo County Regional Airport increased by 3,592 or 9.8%, compared to the same time in the prior fiscal year.

The following table shows enplanement numbers from FY 2007-08 to present, along with annual percentage change in enplanements:

Fiscal Year	Q1	Q2	Q3	Q4	Cumulative	% Change
2007-08	51,343	48,784	38,794	43,364	182,285	
2008-09	42,697	32,566	26,866	30,619	132,748	-27%
2009-10	32,968	30,873	27,645	33,666	125,152	-6%
2010-11	36,301	36,128	30,496	36,984	139,909	11%
2011-12	35,631	34,493	30,185	33,935	134,244	-4%
2012-13	35,457	31,850	30,354	34,654	132,315	-1%
2013-14	36,753	36,224	34,528	39,600	147,105	11.2%
2014-15	40,345				40,345	9.8%*

*Compares the first quarter of FY 2014-15 to the first quarter of FY 2013-14

The First Quarter report for Airports continues to point to improvement in the fund's fiscal status. The successful recruitment of new and/or expanded commercial air service at the San Luis Obispo County Regional Airport will have a significant positive impact on Airports' finances. As reported to the Board in recent quarterly reports, staff has worked closely with an air service consultant and the business community to successfully develop a revenue

guarantee program totaling \$1.75 million to encourage United Airlines to expand its service out of San Luis Obispo by adding a non-stop flight to Denver. Due to delays on the airline's end, the potential addition of a flight to Denver has been delayed and no updates are available at this time. In August, it was announced that the Airport was pursuing the addition of a direct flight to either Seattle or Portland. The impact of the potential addition of direct service flights to new destinations and the overall financial status of Airports will continue to be reported on in future quarterly reports.

Department: Golf Courses
Fund Center: 427
Issue: Decrease in rounds played at Dairy Creek
Potential Impact to General Fund: \$0

As an Enterprise Fund, Golf relies on the revenues generated by the County's three golf courses (Dairy Creek Golf Course, Chalk Mountain Golf Course and Morro Bay) to fund its operational and capital expenses. The number of rounds played is a key

indicator of Golf's fiscal health and outlook.

As of the end of the first quarter, the total number of rounds played has decreased 13% (4,236 rounds) compared to the first quarter of FY 2013-14. The decrease is due to dry conditions at Dairy Creek Golf Course, where rounds have decreased by 38.4% compared to the first quarter of FY 2013-14. The dry conditions are not only a result of drought conditions, but also a decrease in the amount of effluent water that is transferred from California Men's Colony (CMC) to Dairy Creek. The decrease in effluent water from CMC is due to a reduction in the prison population, as well as water conservation measures at the facility. The reduced availability of water has forced Golf to limit its watering to only the course greens.

In addition to the water shortage, the concessionaire at Dairy Creek filed bankruptcy at the end of September, ceasing to provide concession services at the course, including food and beverage service, reservations, golf cart rentals, and operation of the pro shop. In an effort to mitigate the impacts to Golf's customers and revenues, County Golf is now running the course on a temporary basis until a new concessionaire can be identified. Staff continues to work with concession partners to incentivize play at County courses by utilizing promotional offers to golfers.

During budget preparation, Golf expected that revenues would exceed expenditures by \$258,007 at year end. However, due to the issues noted above, it is now projected that Golf will end the year with expenditures exceeding revenues by \$198,411. Since Golf is an Enterprise Fund, it is expected that Golf will use its cash balance to cover any potential budgetary gap at year end, with no impact to the General Fund. Staff will continue to closely monitor Golf's budget and provide updates in future quarterly reports.

Section 2: Status of Funds, Contingencies and Reserves

I. GENERAL:

The Auditor-Controller's Office has prepared the following Schedules that are attached following this narrative.

Schedule 1: Comparative Statement of County Funds - Revenue Status

Schedule 2: Comparative Statement of Contingencies and Reserves

Schedule 3: Revenues and Expenditures by Functional Area

Schedules 1 and 2 are the focus of the following discussion. Generally, comments are limited to material deviations from the prior year or from what would appear to be normal performance. Schedule 3 is for information only.

II. SCHEDULE 1: Comparative Statement of County Funds - Revenue Status

A. Summary

Total budgeted revenues for all funds are \$589.3 million. At the end of the first quarter \$58.2 million or 10% of estimated revenues were realized, compared to 11% in the prior year. Taxes and government aid do not follow even monthly flows.

B. Specific Comments - Revenue Status by Type

Taxes-Current Property: Collections of property tax revenue were .3% at the end of the first quarter compared to the prior year's realization rate of 2%. This is due to a timing difference for the recording of the Current Unsecured taxes. These taxes will be recorded in October in FY 2014-15.

Taxes-Other than Current Property: At the end of the first quarter, 11% of estimated revenue was realized, compared to 13% in the prior year. Included in this revenue classification are Transient Occupancy Tax (Bed Tax), Property Transfer Tax, Property Tax In-Lieu of Sales Tax and Property Taxes In-Lieu of Vehicle License Fees. This is mainly due to a decrease in sales tax revenue generated by construction of solar plants in the Carrizo Plain. Sales Tax collections are \$845,705 less than prior year as a result of the winding down of large solar plant construction projects.

Licenses and Permits: The amount realized is 22% of budget compared with a rate of 24% in the prior year. Revenue sources in this class include Franchise Fees, Plan Check Fees, Building Permits, and Land Use Permits. Plan Check Fees decreased by \$318,000 compared to the same period last year. This is also due to the decreased activity of the solar plant construction projects.

Fines, Forfeitures and Penalties: The amount realized is 16% compared to last year's rate of 13%. The revenues in this classification are mainly the County share of penalties and fines collected by the Courts.

Revenue – Money and Property Use: Realized revenue in this class is 13% compared to the 20% rate in the prior year. Total interest revenue earned by the General Fund was \$83,356 compared to \$40,337 in the same quarter prior year. The average rate of return during the first quarter was 0.3031% compared to 0.1861% in the prior year.

Aid from Government Agencies: The amount realized is 8%, compared to 10% for the prior year. Aid from government agencies does not follow even monthly revenue flows but catches up in the third and fourth quarters. There are a number of variances from the prior year including the timing of transfers and accrual reversals.

Charges for Current Services: The amount realized is 17%, compared to 20% in the prior year.

Other Revenues: The amount realized is 17%, compared to 16% realized in the prior year.

Other Financing Sources: The amount realized for this quarter was 31% compared to 24% in the prior year. This is due to the timing of transfers for capital projects. Capital project revenue is recognized as projects progress.

C. Specific Comments - Revenue by Fund

General Fund: The General Fund realized 7% of estimated revenue as of the end of the first quarter, compared to 10% in the prior year. This difference is in part associated with the timing difference for the recording of the Current Unsecured Taxes, mentioned earlier, as well as a timing difference in the recording of Public Safety revenue (the half cent sales tax per Prop 172). The County recorded approximately \$5.4 million in Prop 172 revenue in the first quarter of FY 2013-14 and approximately \$322,000 in the first quarter of FY 2014-15.

Capital Projects Fund: This fund recognized 8% of revenues through the first quarter compared to 23% in the prior year. This is mainly a timing issue as revenue is recognized as projects progress. There was a large onetime transfer in from the General Fund in the amount of \$2.6 million in the prior year for the Women's Jail project. The budgeted revenue in this fund is approximately \$57 million in FY 2014-15 compared to approximately \$12 million in FY 2013-14. This significant difference is primarily due to revenue from the State for the Women's Jail and the Juvenile Hall Expansion projects.

Road Fund: The Road Fund realized 10% of estimated revenue in the period compared to 9% in the prior year.

Community Development Program Fund: This fund's revenue through the first quarter was 16% in the current year to date compared to 6% in the prior year. The difference from the prior year is one of timing as this revenue is realized as projects are completed.

Public Facility Fees: Public Facility Fee Fund realized 33% of budgeted revenue in the current fiscal year, compared to 65% in the prior year. Budgeted amounts were higher for this fiscal year due to expected growth in single family residential building permits.

Countywide Automation Replacement Fund: This fund's revenue through the first quarter was 28% compared to 8% in the prior year. The difference from the prior year is one of timing as this revenue is realized as projects are completed.

General Government Building Replacement Fund: This fund's revenue through the first quarter was 65% compared to 25% in the prior year. The difference from the prior year is one of timing as this revenue is realized as projects are completed.

III. SCHEDULE 2: Comparative Statement of Contingencies and Reserves

A. Contingencies

General Fund: In the first quarter, General Fund contingencies were decreased by \$553,340. Of this amount, \$153,340 was transferred to the Public Defender's Fund Center, and \$400,000 was transferred to Parks to assist in the purchase of the Pismo Preserve.

The General Fund contingency balance at the end of the quarter was \$18,558,535.

No other changes were made to contingency balances during the quarter.

B. General Reserves

The Government Code provides that General Reserves may not be used during the operating year unless the Board of Supervisors deems that there is a state of emergency. Since no emergency has existed to date, all balances of reserves are as adopted.

C. Designations and Other Reserves

The Board of Supervisors may choose to designate portions of available funding for a specific future purpose. Such designations reflect tentative plans, which are subject to change. It is this flexibility that distinguishes designations from reserves. During the first quarter of FY 2014-15, the Board approved the following (decreases) or increases to the designations identified.

(\$1,000,000) GENERAL FUND: To increase appropriations for Internal Financing for the Morro Bay Golf Course waterline repairs.

(\$600,000) GENERAL FUND: To increase appropriations for Internal Financing for the Cayucos Pier repairs.

(\$726,496) CAPITAL PROJECTS FUND: To increase appropriations for the Juvenile Hall Expansion project.

(\$129,500) CAPITAL PROJECTS FUND: To increase appropriations for the Los Osos Landfill Remediation.

(\$80,000) PUBLIC FACILITIES FEES: Transferred from the Parks Designation to increase appropriations to match grant funding for the Templeton to Atascadero

Connector Trail Project.

(\$100,000) PUBLIC FACILITIES FEES: Transferred from the Parks Designation to increase appropriations for the Morro Bay to Cayucos Connector Project.

(\$100,200) PUBLIC FACILITIES FEES: Transferred from the Parks Designation to increase appropriations for the South Higuera Street Center Left Turn Lane, at the Octagon Barn Staging Area, for the Bob Jones Pathway project.

(\$1,544,552) GENERAL GOVERNMENT BUILDING REPLACEMENT FUND: To increase appropriations for the Juvenile Hall Expansion project.

(\$500,000) GENERAL GOVERNMENT BUILDING REPLACEMENT FUND: To appropriate grant funding for the construction of a new homeless services center at 40 Prado Road.

(\$35,000) LIBRARY FUND: To increase appropriations for the Morro Bay Library Building Renovation Project.

\$379,772 LIBRARY FUND: This amount was transferred back to the Library's Facilities Planning designation as savings from the Cambria Library Building Project.

(\$17,168) LIBRARY FUND: To increase appropriations for the Atascadero Library Expansion Project.

IV. Schedule of Appropriation Transfers under the Auditor's Authority

By resolution, the Board of Supervisors authorized the Auditor-Controller to approve appropriation transfers between all object levels within the same budget unit. The resolution also directed that such transfers be reported to the Board on a quarterly basis.

There were no transfers under the Auditor's Authority during the first quarter.

COMPARATIVE STATEMENT OF COUNTY FUNDS- REVENUE STATUS
For the Three Month Period Ended September 30, 2014 and 2013

Revenue Status by Class	2014-15	Amount	%	2013-14	Amount	%
	Amount	Realized		Amount	Realized	
	Budgeted	09/30/14		Budgeted	09/30/13	
TAXES - CURRENT PROPERTY	\$ 108,045,639	\$ 349,301	0 %	\$ 102,935,483	\$ 2,554,523	2 %
TAXES - OTHER THAN CURRENT PROPERTY	51,840,930	5,764,667	11 %	51,020,528	6,432,136	13 %
LICENSES AND PERMITS	9,350,258	2,057,802	22 %	9,641,212	2,356,463	24 %
FINES, FORFEITURES AND PENALTIES	5,660,717	891,085	16 %	5,951,870	753,875	13 %
REVENUE - MONEY AND PROPERTY USE	1,854,082	240,914**	13 %	772,833	154,267	20 %
AID FROM GOVERNMENT AGENCIES	303,225,371	23,880,722	8 %	245,613,421	24,335,188	10 %
CHARGES FOR CURRENT SERVICES	30,776,814	5,101,258	17 %	29,303,884	5,755,598	20 %
OTHER REVENUES	30,407,119	5,025,252	17 %	32,879,029	5,139,093	16 %
OTHER FINANCING SOURCES	48,113,368	14,986,458	31 %	34,617,210	8,328,527	24 %
TOTAL REVENUES	\$ 589,274,298	\$ 58,297,459	10 %	\$ 512,735,470	\$ 55,809,670	11 %

Revenue Status by Fund	2014-15	Amount	%	2013-14	Amount	%
	Amount	Realized		Amount	Realized	
	Budgeted	09/30/14		Budgeted	09/30/13	
1000000000 General Fund	\$ 413,351,103	\$ 29,761,703**	7 %	\$ 393,357,582	\$ 38,610,146	10 %
1100000000 Capital Projects	57,039,741	4,532,935**	8 %	12,307,359	2,874,934	23 %
1200000000 Road Fund	52,887,963	5,490,409	10 %	41,256,104	3,770,732	9 %
1200500000 Community Devel Pgm	8,337,457	1,374,459	16 %	10,018,026	585,482	6 %
1201000000 Public Facility Fees	1,468,500	489,726	33 %	864,500	565,578	65 %
1201500000 Parks	11,422,462	4,123,777	36 %	8,921,371	2,377,433	27 %
1202000000 Co-Wide Automation Repl	6,700,770	1,849,756	28 %	6,457,018	497,303	8 %
1202500000 Gen Gov Building Repl	5,850,498	3,826,900	65 %	5,300,724	1,325,181	25 %
1203000000 Tax Reduction Resrv	4,550,000	2,075,000	46 %	1,399,033	349,758	25 %
1203500000 Impact Fee-Traffic	853,800	186,057	22 %	2,616,312	215,348	8 %
1204000000 Wildlife And Grazing	3,500	0	0 %	3,500	0	0 %
1204500000 Driving Under the Influence	1,483,649	314,195	21 %	1,402,463	330,515	24 %
1205000000 Library	8,891,425	820,868	9 %	10,356,734	487,503	5 %
1205500000 Fish And Game	20,000	3,204	16 %	20,000	4,976	25 %
1206000000 Organizational Development	904,000	412,500	46 %	458,000	112,500	25 %
1206500000 Medically Indigent Services	2,531,938	438,448	17 %	5,102,096	1,016,596	20 %
1207000000 Emergency Med Svcs	801,000	152,275	19 %	801,000	124,343	16 %
1208000000 Debt Service-Cert of Part.	2,080,047	143,925	7 %	2,079,022	359,431	17 %
1801000000 Pension Obligation Bond DSF	10,096,445	2,301,322	23 %	10,014,626	2,201,911	22 %
TOTAL REVENUES	\$ 589,274,298	\$ 58,297,459	10 %	\$ 512,735,470	\$ 55,509,670	11 %

**Includes first quarter interest:

General Fund \$83,356
Capital Projects \$19,587
\$102,943

COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES

By Fund as of September 30, 2014

	2013-14	2014-15		2014-15
	Final	Final	As of	Increase
<u>Contingencies</u>	<u>Budget</u>	<u>Budget</u>	<u>09/30/14</u>	<u>(Decrease)</u>
General Fund	\$ 15,551,002	\$ 19,111,875	\$ 18,558,535	\$ (553,340)
Community Devel Pgm	37,167	44,840	44,840	0
Parks	550,113	510,711	510,711	0
Driving Under the Influence	123,502	40,000	40,000	0
Library	424,297	452,750	452,750	0
TOTAL CONTINGENCIES	\$ 16,686,081	\$ 20,160,176	\$ 19,606,836	\$ (553,340)

	2013-14	2014-15		2014-15
	Final	Final	As of	Increase
<u>Designations and Other Reserves</u>	<u>Budget</u>	<u>Budget</u>	<u>09/30/14</u>	<u>(Decrease)</u>
General Fund				
Co. Fire Equip. Replace	\$ 113,765	\$ 154,383	\$ 154,383	\$ 0
Designated FB-2020 POB	7,188,657	8,688,657	8,688,657	0
General Reserve	9,000,000	9,000,000	9,000,000	0
Internal Financing	3,918,103	4,163,459	2,563,459	(1,600,000)
Solar Plant Mitigation	8,078,258	11,851,427	11,851,427	0
Willow Rd Interchange	967	0	0	0
Capital Projects				
Detention Facilities	4,864,343	0	0	0
Facilities Planning	8,946,716	8,042,704	7,513,204	(529,500)
Juvenile Hall Bldg	1,361,600	326,496	0	(326,496)
New Govt Buildin Rep	0	1,986,400	1,986,400	0
Solar/Energy Projects	1,199,787	1,199,787	1,199,787	0
Road Fund				
Future Road Projects	3,428,693	6,137,475	6,137,475	0
Maria Vista Estates	641,299	641,299	641,299	0
N. River Mine Reserve	83,000	83,000	83,000	0
Public Facility Fees				
Reserve for County Fire	1,764,911	2,827,101	2,827,101	0
Reserve for General Gov't	216,148	465,828	465,828	0
Reserve for Law Enforcmnt	793,299	981,908	981,908	0
Reserve for Library	110,804	185,587	185,587	0
Reserve for Parks	2,798,990	2,026,268	1,746,068	(280,200)
Parks				
Lopez Park's Projects	250,000	270,500	270,500	0
Parks Projects	1,441,587	630,849	630,849	0
Co-Wide Automation Replacement				
Automation Replacement	10,840,251	12,539,676	12,539,676	0
Budget System Developm	770,274	770,274	770,274	0
Gen Gov Building Replacement				
Gov. Building Rpl	18,687,751	25,088,123	23,043,571	(2,044,552)
Library - Cambria	501,876	675,893	675,893	0

COMPARATIVE STATEMENT OF CONTINGENCIES AND RESERVES
By Fund as of September 30, 2014

Schedule 2

Tax Reduction Resrv				
Desig-Prop Tax Litigation	797,952	797,952	797,952	0
Tax Reduction Reserves	12,839,606	17,418,645	17,418,645	0
Impact Fee-Traffic				
Improvement Fees	4,865,812	4,578,109	4,578,109	0
Wildlife And Grazing				
General Reserve	377	2,684	2,684	0
Wildlife Projects	14,907	14,907	14,907	0
Driving Under the Influence				
General Reserve	194,859	137,609	137,609	0
Systems Development	419,265	398,346	398,346	0
Library				
Atascadero Building Expan	105,131	94,611	77,443	(17,168)
Facilities Planning	777,510	901,791	1,246,563	344,772
General Reserve	49,690	49,690	49,690	0
Fish And Game				
Environmental Settlemt	23,142	28,142	28,142	0
Fish and Game Projects	105,851	116,619	116,619	0
General Reserve	54,583	54,583	54,583	0
Organizational Development				
Countywide Training	1,479,776	1,729,776	1,729,776	0
General Reserve	565,946	496,042	496,042	0
Debt Service-Cert of Participation				
Loan Payment Reserve	16,373	16,383	16,383	0
Pension Obligation Bond DSF				
Desig - POB Debt Service	8,207,937	8,898,224	8,898,224	0
TOTAL DESIGNATIONS AND RESERVES	<u>\$ 117,519,796</u>	<u>\$ 134,471,207</u>	<u>\$ 130,018,063</u>	<u>\$ (4,453,144)</u>

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Three Month Period Ended September 30, 2014

Budget Units by Functional Area		2014-15 Budgeted Expenditures	Amount Expended 09/30/14	%	2014-15 Budgeted Revenues	Amount Realized 09/30/14	%
General Government							
100	BOARD OF SUPERVISORS	\$ 1,633,935	\$ 299,923	18 %	\$ 0	\$ 0	0 %
101	NON-DEPARTMENTAL REVENUES	5	0	0 %	156,884,934	6,591,397	4 %
103	NON-DEPT OTHER EXPENDITURES	389,500	184,229	47 %	71,000	0	0 %
104	ADMINISTRATIVE OFFICE	1,887,594	306,531	16 %	136,165	7,407	5 %
105	RISK MANAGEMENT	1,636,489	786,821	48 %	1,010,640	0	0 %
107	AUDITOR-CONTROLLER	5,217,666	1,029,915	20 %	1,038,274	184,718	18 %
108	TREAS-TAX COLL-PUBLIC ADM	2,994,652	546,090	18 %	1,255,246	227,894	18 %
109	ASSESSOR	9,692,325	1,763,470	18 %	612,785	61,779	10 %
110	CLERK/RECORDER	3,206,210	644,000	20 %	2,785,611	559,097	20 %
111	COUNTY COUNSEL	3,748,868	686,116	18 %	234,700	5,805	2 %
112	HUMAN RESOURCES	2,956,517	618,592	21 %	262,321	28,367	11 %
113	GENERAL SERVICES	9,867,602	2,189,027	22 %	3,624,180	694,603	19 %
114	INFORMATION TECHNOLOGY DEPT	10,868,325	2,332,898	21 %	1,643,516	173,215	11 %
201	PUBLIC WORKS SPECIAL SERVICES	2,766,768	578,531	21 %	1,248,413	197,174	16 %
266	COUNTYWIDE AUTOMATION REPLAC	7,820,768	1,271,404	16 %	6,700,770	1,849,756	28 %
267	GEN GOVT BUILDING REPLACEMENT	1,720,157	0	0 %	5,850,498	3,826,900	65 %
268	TAX REDUCTION RESERVE	349,656	0	0 %	4,550,000	2,075,000	46 %
275	ORGANIZATIONAL DEVELOPMENT	903,154	67,828	8 %	904,000	412,500	46 %
290	COMMUNITY DEVELOPMENT PROGRAM	8,337,457	1,014,843	12 %	8,337,457	1,374,459	16 %
TOTAL General Government		\$ 75,997,648	\$ 14,320,218	19 %	\$ 197,150,510	\$ 18,270,071	9 %
Public Protection							
130	WASTE MANAGEMNT	\$ 966,310	\$ 122,110	13 %	\$ 26,036	\$ 102	0 %
131	GRAND JURY	139,093	39,326	28 %	0	0	0 %
132	DISTRICT ATTORNEY	14,877,979	2,945,159	20 %	5,927,875	605,933	10 %
134	CHILD SUPPORT SERVICES	4,594,427	931,214	20 %	4,594,427	577,936	13 %
135	PUBLIC DEFENDER	5,843,764	1,574,942	27 %	574,010	4,448	1 %
136	SHERIFF-CORONER	65,861,773	14,365,187	22 %	27,649,993	2,731,939	10 %
137	ANIMAL SERVICES	2,596,979	454,986	18 %	1,874,178	319,578	17 %
138	EMERGENCY SERVICES	1,722,325	200,851	12 %	1,547,598	241,997	16 %
139	PROBATION DEPARTMENT	20,393,645	4,121,091	20 %	11,207,533	1,069,840	10 %
140	COUNTY FIRE	21,672,089	727,312	3 %	6,372,811	513,316	8 %
141	AGRICULTURAL COMMISSIONER	5,381,730	1,110,107	21 %	3,263,308	165,613	5 %
142	PLANNING & BUILDING DEPARTMENT	14,481,164	2,598,201	18 %	7,412,225	1,601,672	22 %
143	COURT OPERATIONS	2,426,973	703,474	29 %	2,880,959	517,611	18 %
330	WILDLIFE AND GRAZING	3,500	0	0 %	3,500	0	0 %
331	FISH AND GAME	20,000	53	0 %	20,000	3,204	16 %
TOTAL Public Protection		\$ 160,981,751	\$ 29,894,013	19 %	\$ 73,354,453	\$ 8,353,189	11 %

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Three Month Period Ended September 30, 2014

Budget Units by Functional Area	2014-15 Budgeted Expenditures	Amount Expended 09/30/14	%	2014-15 Budgeted Revenues	Amount Realized 09/30/14	%
Public Ways & Facilities						
245 ROADS	\$ 57,116,030	\$ 5,782,824	10 %	\$ 52,887,963	\$ 5,490,409	10 %
247 PUBLIC FACILITIES FEES	6,271,733	1,172,112	19 %	1,468,500	489,726	33 %
248 ROADS - IMPACT FEES	3,427,207	194,970	6 %	853,800	186,057	22 %
TOTAL Public Ways & Facilities	\$ 66,814,970	\$ 7,149,906	11 %	\$ 55,210,263	\$ 6,166,192	11 %
Health & Sanitation						
160 PUBLIC HEALTH	\$ 25,708,262	\$ 3,993,266	16 %	\$ 21,241,007	\$ 2,127,596	10 %
166 BEHAVIORAL HEALTH	55,124,540	11,226,806	20 %	47,835,546	3,644,750	8 %
TOTAL Health & Sanitation	\$ 80,832,802	\$ 15,220,072	19 %	\$ 69,076,553	\$ 5,772,346	8 %
Public Assistance						
106 CONTRIBUTIONS TO OTHER AGENCIES	\$ 1,703,452	\$ 1,047,938	62 %	\$ 399,250	\$ 360	0 %
180 SOCIAL SERVICES ADMINISTRATION	67,035,065	13,224,762	20 %	61,941,831	978,492	2 %
181 FOSTER CARE-SOCIAL SERVICES	21,646,210	5,003,056	23 %	21,087,452	3,347,914	16 %
182 CALWORKS	12,351,556	2,869,426	23 %	12,020,308	1,878,542	16 %
184 LAW ENFORCEMENT MED CARE	2,772,200	498,131	18 %	1,242,351	95,593	8 %
185 GENERAL ASSISTANCE	1,165,593	248,947	21 %	477,447	49,455	10 %
186 VETERANS SERVICES	983,669	143,428	15 %	65,000	43,096	66 %
350 Medically Indigent Services Prog	3,564,681	635,054	18 %	2,531,938	438,448	17 %
351 EMERGENCY MEDICAL SRVS FUND	1,102,052	333,173	30 %	801,000	152,275	19 %
TOTAL Public Assistance	\$ 112,324,478	\$ 24,003,915	21 %	\$ 100,566,577	\$ 6,984,175	7 %
Education						
215 FARM ADVISOR	\$ 476,051	\$ 96,275	20 %	\$ 5,850	\$ 1,022	17 %
375 DRIVING UNDER THE INFLUENCE	1,597,045	324,637	20 %	1,483,649	314,195	21 %
377 LIBRARY	9,578,508	1,801,277	19 %	8,891,425	820,868	9 %
TOTAL Education	\$ 11,651,604	\$ 2,222,189	19 %	\$ 10,380,924	\$ 1,136,085	11 %
Recreation & Cultural Services						
305 PARKS	\$ 12,891,527	\$ 3,497,216	27 %	\$ 11,422,462	\$ 4,123,777	36 %
TOTAL Recreation & Cultural Svcs	\$ 12,891,527	\$ 3,497,216	27 %	\$ 11,422,462	\$ 4,123,777	36 %
Debt Service						
277 DEBT SERVICE	\$ 2,080,047	\$ 143,925	7 %	\$ 2,080,047	\$ 143,925	7 %
392 PENSION OBLIGATION BOND DSF	9,206,318	7,113,643	77 %	10,096,445	2,301,322	23 %
TOTAL Debt Service	\$ 11,286,365	\$ 7,257,568	64 %	\$ 12,176,492	\$ 2,445,247	20 %
Financing Uses						
102 NON-DEPTL-OTHR FINCNG USE	\$ 29,521,354	\$ 11,417,013	39 %	\$ 1,489,790	\$ 376,700	25 %
TOTAL Financing Uses	\$ 29,521,354	\$ 11,417,013	39 %	\$ 1,489,790	\$ 376,700	25 %

REVENUES AND EXPENDITURES BY FUNCTIONAL AREA
For the Three Month Period Ended September 30, 2014

<u>Budget Units by Functional Area</u>	2014-15 Budgeted <u>Expenditures</u>	Amount Expended <u>09/30/14</u>	<u>%</u>	2014-15 Budgeted <u>Revenues</u>	Amount Realized <u>09/30/14</u>	<u>%</u>
CAPITAL PROJECTS						
200 MAINTENANCE PROJECTS	\$ 8,227,309	\$ 292,156	4 %	\$ 1,406,533	\$ 53,386	4 %
230 CAPITAL PROJECTS FUND	<u>71,334,724</u>	<u>2,225,959</u>	<u>3 %</u>	<u>57,039,741</u>	<u>4,513,348</u>	<u>8 %</u>
TOTAL CAPITAL PROJECTS	\$ <u>79,562,033</u>	\$ <u>2,518,115</u>	<u>3 %</u>	\$ <u>58,446,274</u>	\$ <u>4,566,734</u>	<u>8 %</u>
COUNTY TOTAL	<u>\$ 641,864,532</u>	<u>\$ 117,500,225</u>	<u>18 %</u>	<u>\$ 589,274,298</u>	<u>\$ 58,194,516</u>	<u>10 %</u>
GENERAL FUND TOTAL	<u>\$ 444,539,968</u>	<u>\$ 91,921,307</u>	<u>21 %</u>	<u>\$ 413,351,103</u>	<u>\$ 29,678,347</u>	<u>7 %</u>

Section 3: Position Changes

During the first Quarter, July 1, 2014 through September 30, 2014, the following reclassification/reorganization changes were approved by the Board of Supervisors. This report also includes a list of all administrative changes approved by the Human Resources Director under the authority of the Board of Supervisors, and the current vacancy statistics.

Position Allocation Changes Made by the Board of Supervisors

Fund Center 166 – Behavioral Health - Allocation Change Approved 8/12/14

Delete 1.00 FTE – 00928 Supervising Administrative Clerk II

Add 1.00 FTE – 08892 Administrative Services Officer I or II

Fund Center 136 – Sheriff-Coroner - Allocation Change Approved 8/12/14

Delete 1.00 FTE – 00341 CAL ID Program Coordinator

Add 1.00 FTE – 01584 Program Manager I or II

Fund Center 109 – Assessor – Allocation Changes Approved 8/12/14

Delete 9.00 FTE – 00588 Administrative Assistant Series or Property Transfer Tech I or II

Delete 2.00 FTE – 00589 Property Transfer Tech III

Add 9.00 FTE – 00589 Property Transfer Tech I or II or III

Add 2.00 FTE – 00695 Property Transfer Tech IV

Fund Center 100 – Board of Supervisors - Allocation Change Approved 9/23/14

Delete 0.50 FTE – 02223 Administrative Assistant Series – Confidential – ½ time

Add 1.00 FTE – 02223 Administrative Assistant Series – Confidential

Fund Center 136 – Sheriff-Coroner - Allocation Changes Approved 9/23/14

Add 2.00 FTE – 00342 Sheriff's Dispatcher

Fund Center 377 – Library - Allocation Changes Approved 9/23/14

Delete 1.00 FTE – 02223 Administrative Assistant Series

Delete 0.50 FTE – 01013 Library Assistant – ½ time

Add 0.75 FTE – 02223 Administrative Assistant Series – ¾ time

Add 0.75 FTE – 01013 Library Assistant – ¾ time

SUMMARY OF POSITION ALLOCATION CHANGES

FY 14-15	Q1	Q2	Q3	Q4
Quarter Start	2,554.75			
FTE Additions	17.5			
FTE Deletions	15			
Quarter End	2,557.25			
Net Change	+2.5			
% Change	.001%			

Administrative Changes Made by the Human Resources Director

Fund Center 136 – Sheriff-Coroner

Effective 8/18/14

Remove the “Confidential” designation from 1.00 FTE Department Personnel Technician and replaced it with a 1.00 FTE non-confidential Department Personnel Technician position.

Annual Savings: Pension and benefits savings

EMPLOYEE VACANCY RATE

The County employee vacancy rate on September 30, 2014 was 6.634%. This equates to 169.50 vacant positions. This represents an increase of approximately 16 vacant positions compared to the first quarter vacancy rate in FY 2013-14. This is primarily due to new positions added in the FY 2014-15 Adopted Budget, which were in the process of being recruited for and filled. As previously noted, the majority of the positions added were in support of the implementation of the Affordable Care Act.

Section 4: Miscellaneous Financial Issues

Acceptance of Donated Gift Funds:

Donations made by individuals and community organizations are accepted by the Board and appropriated into the proper departmental budgets on an as needed basis. These donations are used to enhance programs and meet special needs throughout the County. It is recommended that the Board accept donations totaling \$21,017.10 on behalf of the following County departments, as noted below:

- \$20,119.90 for FC 277 – Library
- \$897.20 for FC 180 - Social Services

Memos from each department are included in Attachment 1.

Discharge of Bad Debt:

Requests to discharge bad debt are presented to the Board in accordance with Government Code requirements. The action relieves the requesting department from active pursuit of receivables, but does not release the responsible parties from the debt owed. Requests to discharge bad debt are only submitted to the Board for action after an extensive investigation has taken place and the department has reached the conclusion that the debt will not be collected. If a department's collection efforts are unsuccessful, cases are often turned over to the County's contract collection agency. The Department of Social Services is requesting Relief of Accountability in the amount of \$20,790.44 for uncollectable debt for the CalWORKs, CalFresh and General Assistance programs.

A memo from the Department of Social Services is included in Attachment 1.

Miscellaneous:

The following requests have been submitted to the Board for consideration.

- Request To authorize a budget adjustment to increase revenue and appropriations in FC 290 – Community Development by \$750,000 to reflect recaptured HOME funds from the U.S Housing and Urban Development Department for allocation to the Courtland Street Apartments Project;
- Request to declare 42 vehicles as surplus, authorize removal from County fleet, and authorize their sale to recover value in accordance with County Code 2.36.030(5).
- Amend the Fiscal Year 2014-15 Fixed Asset list for FC 407- Fleet Services to add a replacement van to the Department of Social Service's fleet.

Memos from each of the requesting departments are included in Attachment 2.

**Section 5: Capital and Maintenance Projects Managed by the
General Services Agency and Public Works Department**

The first quarter status reports on capital and maintenance projects can be found in Attachment 3. This information is provided to keep the Board apprised of the status of various capital and maintenance projects managed by the General Services Agency and the Public Works department.